

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – OCTOBER 5, 2005

(abbreviated)

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. Guests: Al Picconi, Southern Wine & Spirits of N.E., Inc.; Michael Goclowski, Law Warehouses.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending increased by .61% or \$45,258 for the weekly comparison, as they did year-to-date by 3.81% or \$4,146,884.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 10/2/05 were up 1.61% or \$90,167.81.

3. Merchandising Report

A. SPIRITS:

1) Test Market Results (Codes #194 and #141):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist Code #194, Yazi Ginger Vodka, 750ML size, as it failed to achieve both the gross profit required for full distribution and specialty item consideration at the conclusion of a six-month test market period, and grant specialty status to Code #141, Vincent Van Gogh Coconut Vodka, 750ML size, which did achieve the gross profit required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Mark-Down (10 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve further reduction in sale prices for ten (10) discontinued products, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) November December Programs:

a. So. Wine & Spirits of N.E./Future Brands:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./Future Brands LLC to conduct a gift card sweepstakes during November and December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. So. Wine & Spirits of N.E./Diageo:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Southern Wine & Spirits of New England, Inc./Diageo North America to conduct a gift card sweepstakes during November and December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Revised November Offers (5 items – So. Wine & Spirits of N.E.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from Southern Wine & Spirits of New England, based upon depletions for five (5) spirit items, to be featured on sale during November 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

5) Additional November Offers (14 items – So. Wine & Spirits of N.E.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers from Southern Wine & Spirits of New England, based upon depletions for fourteen (14) spirit items,

to be featured on sale during November 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

6) November Special Offers (17 items – So. Wine & Spirits of N.E.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Southern Wine & Spirits of New England, based upon depletions for seventeen (17) spirit items, to be featured on sale during November 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

7) Tabled Item:

Purchase and Display Request (9/28/05, Item A-4):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, and that the Commission approve a request from Horizon Beverage Company/White Rock Distillers to conduct a purchase and display program for Code #2396, Auchestoshan, Code #1735, Glen Garioch, Code #2979, Bowmore and Code #2984, McClellands scotches, 750ML size, as revised and recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Proposed Wine Sale for January 2006:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table the placement of all 750ML size wines on sale at 20% off with the purchase of 12 or more bottles from January 2 through January 29, 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Nouveau Beaujolais 2005:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the purchase and distribution of Codes #8917 and #32251, Beaujolais Nouveau Duboeuf 2005 and Code #8797, Beaujolais Nouveau Mommessin 2005 for the Nouveau Beaujolais program for 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Appeal on Delist of Second Sizes (So. Wine & Spirits of N.E.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny appeals from Southern Wine & Spirits of New England, Inc. for reconsideration regarding the delisting of second sizes for fourteen (14) wine products, but grant delist appeals for two (2) wine products which have now met the requirements for second sizes, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Close Outs (4 items – So. Wine & Spirits of N.E.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close-out price reductions for four (4) wine codes as submitted by Southern Wine & Spirits of New England, Inc., including a floor stock adjustment to assist in depleting remaining inventory, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Test on Bootleg Wines from Italy:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Pine State Trading Company/ Click Wine Group to introduce three (3) wines from the Bootleg Collection from Italy by placing a three absolute in all Cluster 1 and 2 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Purchase and Introduction of Virgin Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an offer from Horizon Beverage Company/ Brown-Forman Corporation for the purchase and introduction of two Virgin Vine wine products, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Results of Purchases and Displays:

a. Angeline Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in

selected stores, as the result of the purchase and display of three Angeline wines (Codes #41070, #41071 and #71072), as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Campo Fiorin:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Code #21329, Campo Fiorin Masi, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Chateau de Sancerre:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Code #17799, Chateau de Sancerre, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. El Portillo:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of four El Portillo wines (Codes #38317, #38318, #38320 and #38597), as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Esser Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of four Esser wines (Codes #42007, #42008, #42006 and #42009), as the result of the purchase and display of these items, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Four Emus:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Four Emus wines (Codes #42244, #42245, #42246 and #42247), as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. Francis Ford Coppola Wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of two Francis Ford Coppola wines (Codes #39384 and #40663), but to delist Code #39988), as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

h. Graceland Cellars:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Graceland Cellars wines (Codes #42181, #42180 and #42182), as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

i. Jacobs Creek Riesling:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Code #41918, Jacobs Creek Riesling, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

j. Jibe:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Code

#42228, Jibe Sauvignon Blanc, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

k. Little Penguin:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of Code #42068, Little Penguin White Shiraz, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

l. Terrazas & Casa Lapostelle:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the placement of absolutes in selected stores, as the result of the purchase and display of five Terrazas & Casa Lapostelle wines (Code #34646, #34647, #40331, #31976 and #31978), as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Primary Source Submissions (1 exclusive agent; 8 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code from primary source, three (3) wine codes which are offered by the exclusive marketing agent and eight (8) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Tabled Items:

a. Purchase & Introduction of Folonari Shiraz & Chianti (9/14/05, Item B-2-c):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, as the offer has been withdrawn by Southern Wine & Spirits of New England, Inc.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 29 through October 5, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

